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Second country cooperation framework for Ghana (2002-2005)

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Introduction

1. The second country cooperation framework (CCF) for Ghana for 2002 to 2005 is based on the national development priorities of the Government as set out in the Ghana poverty reduction strategy (GPRS), the macroeconomic stabilization strategy, the budget statement of March 2001 and other relevant documents. The second CCF is consistent with the objectives, approach and the phasing of the United Nations Development Assistance Framework (UNDAF) and is synchronized with the programming periods of key United Nations organizations. The second CCF is designed in accordance with UNDP global priorities and the Administrator's Business Plans, 2000-2003. The design of the second CCF is firmly anchored in the overall framework of the country's development cooperation arrangements. In preparing the CCF, the country office has undertaken an extensive process of consultation with government, civil-society and development partners both within and outside the United Nations system.

I. Development situation from a sustainable human development perspective

2. Ghana is in the midst of a major experiment, with implications for the whole of the Africa region. It is aiming to create a political, economic and social model of a participatory, accountable and transparent system of governance that ensures wealth creation and economic prosperity. Growth with equity is its aim and poverty reduction is expected to be the primary outcome. For the first time since independence, Ghana has changed its government through democratic constitutional processes. The new Government is committed to the pursuit of an open economy and a liberal trade regime, which are subject to both positive and negative external influences. Ghana is currently experiencing more of the negative impact of these external circumstances (declining commodity prices, rising oil prices). The challenge for the Government is to reconcile political demands for making a dramatic impact on reducing poverty and raising the living standards of the population, while creating macroeconomic stability within a transparent and accountable process of good governance.

3. The economic difficulties confronting Ghana are vast. Per capita income is $360. The gap between exports ($2 billion) and imports ($3 billion) in 2000 is equal to about 12 per cent of gross domestic product (GDP). Official development assistance (ODA) and remittances from abroad are partly bridging the gap in the balance of payments. ODA per capita is about $30, of which 70 per cent are drawn from multilateral sources. Internally, there is a budget deficit, which amounts to around 8.5 per cent of GDP. External debt has risen progressively and now stands at around $6 billion and domestic debt is around $1.2 billion, the total being equivalent to 100 per cent of GDP. Amid rampant inflation, the inflation rate reached 40 per cent in 2000.

4. The Government has attached the highest priority to the stabilization of the economy. It has outlined a macroeconomic framework for a period of three years, from 2002 to 2004, to improve the management of the economy, while ensuring poverty alleviation and reduction. The Government will improve the management of public expenditure, concentrating resources in areas of high priority, such as the social sectors. It has introduced new measures for revenue generation. The domestic debt is to be restructured and reduced to sustainable levels. The Government has also committed itself to the highly indebted poor countries (HIPC) initiative and expects significant external debt relief, which will release funds for a substantial increase in investments for poverty reduction.

5. Poverty reduction is the most critical economic and political issue for the country. Forty per cent of the people are poor, down from about 52 per cent in 1992. There exist wide disparities in the prevalence of poverty between regions. In the northern savannah regions (Upper East, Upper West and Northern), over 70 per cent of the people are poor, as compared to 50 per cent in the central and eastern regions. Food crop farmers are among the poorest. With a human development index of 0.556 in 1998, Ghana ranks 129 out of a total of 174 countries according to the *Human Development Report 2000*, showing some improvement in the 1990s. Most social indicators point to low levels of access to education and health. The infant mortality rate is 57 per 1000; the under-five mortality rate is 108 per 1000; and the adult female literacy is only 53 per cent. The human immunodeficiency virus (HIV) prevalence rate is 4.6 per cent and the Government has attached the highest priority to its control and reduction. Its efforts are actively supported by UNDP through the resident coordinator system.

6. The Government is committed to a clear strategy for poverty reduction, preparing the GPRS through an extensive consultative process with national stakeholders and development partners. Utilizing the statistical data in the fourth living standards survey, poverty strategies will target the poorest and most vulnerable groups. The Government intends to increase social-sector spending at a time of public expenditure cutbacks. Donors will be encouraged to develop their own programmes of interventions based on the overall poverty strategy. Ninety per cent of public expenditures in the social sectors are currently allocated to recurrent expenditures, which preclude any significant investment in the social sectors that is now largely undertaken through ODA. The common country assessment (CCA) undertaken by the United Nations country team in cooperation with the Government has identified three priority areas for inter-agency collaboration – (a) providing basic services; (b) creating opportunities for sustainable employment and income; (c) and improving capacities for development management.

7. Consolidating democracy, strengthening accountability and transparency, improving current low levels of performance and enhancing efficiency in the public sector are key tasks for the Government. The machinery of central government is relatively weak and the capacities of its institutions need upgrading; the parliament, the judiciary and the audit are all key actors in ensuring greater transparency and accountability. These institutions need further renewal and reform. Constitutional bodies such as the Commission on Human Rights and Administrative Justice (CHRAJ), Electoral Commission and others also need to enhance their respective capacities. Ghana has a vibrant and free media, allowing for contrasting views and opinions on public policy. Further action will be taken to enable the media to gain more access to information.

II. Results and lessons of past cooperation

8. UNDP is seen as a key player in helping the Government to organize its aid coordination arrangements. An important step towards the indigenization of the aid coordination process was the shifting of the consultative group meeting in 1999 from Paris, France, the traditional venue, to its new venue in Accra, Ghana. A mechanism for thematic and sector groups has been established within the consultative group meeting framework. UNDP has established a special relationship with the World Bank in assisting the Government with aid coordination and with broader development cooperation tasks within the consultative group meeting framework of processes and the United Nations country team.

9. The first CCF has focused on three programme areas – poverty reduction, governance and energy and environment. Three projects are conceptually linked to these programmes – microfinance, gender and private-sector development. The country review undertaken by an independent team in August 2000 commended the effective contribution of the first CCF to the country's development efforts. It particularly noted the catalytic effect of expanded UNDP involvement in the aid coordination process and broader development cooperation tasks, which have stimulated various development partnerships. It also noted that more intensive linkages are feasible between programmes within UNDP and with other development partners.

10. The poverty reduction programme (PRP) has assisted the Government and particularly the National Development Planning Commission (NDPC) to develop capacities, policies and strategies for poverty reduction. In cooperation with district-level authorities, local-level non-governmental organizations (NGOs) and community-based organizations (CBOs), the PRP utilized the bulk of its resources for pilot activities in five districts to develop appropriate models for decentralized development. Community mobilization was an important element in the strategy for district development. The PRP enabled district development authorities to prepare their own district-level development. Several shortcomings in the implementation of the PRP can be noted: (a) district-level experiments have not been linked with upstream policy-making; (b) the sustainability of activities is not assured; (c) the technologies introduced need to be reviewed for relevance to the local context; and (d) opportunities for stimulating partnerships with other development partners at the district level have not been fully explored.

11. The governance programme has been a key in building capacities in institutions such as the parliament, the judiciary, the electoral commission and CHRAJ. An important contribution has been the assessment of the training and capacity-building needs of these institutions. It has enabled policy development to combat corruption. Local non-governmental institutions have been extensively involved in the implementation of programme activities. The register of all donor assistance in the area of governance prepared by the programme has ensured transparency in, and convergence of, donor activities. As the secretariat for the theme group on governance within the consultative group process, the programme has facilitated the coordination of donor activities. UNDP also managed a trust fund to facilitate electoral processes both in the 1996 and 2000 parliamentary and presidential elections.

12. The environment cluster of projects, largely funded through non-core resources led to a wide range of promising activities. These projects have enabled capacity-building at the district level in environmental management issues in eight pilot districts, working closely with district assemblies; in implementing an experimental renewable energy project in 13 communities in the Northern Region; in undertaking an ozone depletion project; and in funding about 40 small-scale environmentally sustainable development activities specially benefiting the rural poor (conserving endangered medicinal plants, preserving coastal and marine biodiversity and providing fuel-efficient technologies).

13. Several lessons can be learnt from the implementation of the first CCF. Its activities need to be firmly placed within a wider framework of development partnerships so that they can be catalysts for complementary and parallel activities. Current partnership arrangements should be further expanded through appropriate resource-mobilization strategies. A sound relationship with multilateral financing institutions can be the key to guaranteeing the wider impact of UNDP programmes. Major opportunities exist at the district level for strengthening partnership arrangements with development partners and for engaging other United Nations organizations within the UNDAF framework. Most

activities in poverty reduction are at the district and community levels. Poverty reduction strategies, however, need to be tailored to accommodate highly differentiated local scenarios. There is an urgent need for more effective forms of information exchange, as there are large overlaps and also opportunities for more purposeful divisions of labour.

III. Objectives, programme areas and expected results

A. Objectives and strategy

14. The overarching objective of the second CCF is to contribute to poverty reduction. The immediate objectives of the CCF are to:

(a) Enable the Government to design and implement policies and strategies for poverty reduction through pro-poor growth and equitable distribution of gains;

(b) Contribute to the reduction of the wide disparities in the incidence of poverty among regions, focusing particularly on the gender dimensions of poverty;

(c) Contribute to the strengthening of democratic, accountable and transparent structures of governance at central and local levels and thereby institute participatory mechanisms for greater involvement of the poor;

(d) Enable Ghana to implement policies and programmes that will ensure the sustainable use of its rich environmental heritage.

Key elements of strategy

15. The strategy to achieve these objectives will be guided by several key considerations:

(a) Programmes and projects in the second CCF will be aligned with the national plans and priorities as set out in the macroeconomic framework for 2001 to 2004, the GPRS, and the 2001 budget. The aim is to ensure national ownership of CCF activities and complementarity with government work programmes and those of other development partners. An integral part of this element of the strategy will be to support the Government to pursue effective methodologies of aid coordination and enable development expenditures to be targeted on high-priority demands.

(b) The second CCF is placed within the UNDAF, which has established three thematic goals for inter-agency collaboration – access to quality basic services for all; opportunities for sustainable income employment and personal development and greater national capacity for development management and implementation. The second CCF will undertake relevant joint-programming activities and stimulate parallel programmatic relationships. There will be close collaboration with the World Bank and the ADB. Close operational linkages will be instituted between GEF and UNDP in Ghana.

(c) Building development partnerships with multilateral and bilateral donor institutions will be a key feature. These relationships are aimed at stimulating a wider and more intensive impact of CCF activities, which are expected to be catalytic. Through these development partnerships, the models, experiments and experience of the activities of the second CCF will be transmitted for feasible and appropriate replication on a wider canvas.

(d) Projects and programmes in the second CCF will be aimed at assisting Ghana to meet their global commitments and obligations in poverty reduction, social indicators, gender, human rights and the environment.

(e) The second CCF will be guided by UNDP mandates, comparative advantages and areas of focus determined by its Executive Board and elaborated on in the Administrator's Business Plans and the strategic results framework (SRF). It will focus on facilitating an enabling environment for poverty reduction by addressing critical issues such as democratic governance, pro-poor policies, ICT for development and energy and environment. Addressing the gender dimensions of poverty and development will be a consistent high-priority task in the second CCF. HIV/AIDS will also be addressed as a cross-cutting issue in all projects and programmes and, within the UNDAF, advocacy will constitute a key feature. Linkages will be established with UNDP regional and global programmes, as appropriate.

B. Programme areas and expected results

16. The operational activities of the second CCF will be undertaken within three conceptually coherent programme areas: poverty reduction, consolidating democratic governance and energy and environment. These areas reflect the priorities of the Government and are in conformity with UNDP mandates and areas of concentration. By creating opportunities for the poor to have a strong voice in public affairs, poverty reduction is the connecting thread in all programmes. Implementation modalities will be designed to capture the linkages and synergies among programme activities. Gender as a cross-cutting issue will be addressed in all programmes and especially at the district level. The UNDP niche on HIV/AIDS will be in advocacy and in strengthening district-level capacities for preventive measures and patient care (PRP). In this area, activities will be undertaken largely in close collaboration with other United Nations organizations.

17. The second CCF is expected to generate results in facilitating the task of the Government to undertake key tasks in the GPRS and in contributing to the consolidation of democratic governance structures. In reorienting these structures to address poverty reduction issues in particular, the second CCF will create a wide range of development cooperation partnerships that will strengthen government aid coordination processes. UNDP advocacy and advisory tasks, and its research and analytical work, for example, through the *Human Development Report*, will be integrated into the mainstream policy-making processes of the Government for poverty reduction and good governance.

Poverty reduction programme

18. Building on the previous experience of the CCF, the second CCF will develop its own programme in line with GPRS priorities. Poverty mapping and monitoring are critical to the GPRS aim of targeting the most deprived and vulnerable groups, geographically and sectorally. A large constituency of stakeholders at the national, district and community levels needs to be mobilized to generate information and interaction between resource providers and beneficiaries. The second CCF will assist in strengthening capacities for pro-poor macroeconomic policy analysis and policy formulation. Focusing on a few selected districts, the second CCF will enable the Government to develop its own policies and programmes for decentralization and district-level development. Insights generated from this experience will be transferred to upstream policy-making levels and also to other development partners for wider application.

19. In the PRP, district-level activities will encourage district assemblies and district authorities to address the gender dimensions of poverty. Microfinance activities will continue to focus on attracting women entrepreneurs into their clientele. A close working relationship will be developed with the Ministry of Women's Affairs and assistance will be provided to develop and implement its own distinctive agenda. The private-sector component of the second CCF will be designed in such a way as to make a key contribution to poverty reduction. Medium- and small-scale private-sector associations and enterprises, especially at the district level, will be the main focus of capacity-building and sectors such as agricultural processing and tourism are viewed as offering important prospects for contributing to poverty reduction. Linkages between export-oriented trade and poverty reduction will be deepened through activities that enable the development of export product sectors. Development partnerships will be established with the World Bank, the ADB, bilateral donors who are especially active at the district level and with the private, corporate sector.

20. The following results are expected from the PRP: (a) enhanced efficiency in the detailed design and implementation of activities within the GPRS; (b) the development of a geographically and sectorally targeted approach to poverty reduction, through the generation of disaggregated information and methodologies for identifying poverty and monitoring progress in poverty reduction; (c) improved capacities in selected districts for the efficient design and implementation of poverty-related work programmes and a body of knowledge and insights for wider application by government and development partners; (d) greater awareness of the gender dimensions of poverty and appropriate strategies to reduce gender gaps; (e) a more active engagement by the private sector in poverty-related issues; and (f) enhanced capacities in selected microfinance banking institutions towards more expanded forms of microfinance.

Consolidating democratic governance programme

21. The consolidating democratic governance programme (CDGP) will continue activities launched under the first CCF, although with varying capacity-building emphasis. Capacities will be strengthened in the office of the President and in the judiciary and constitutional bodies. Support will be extended to developing anti-corruption strategies. Issues of decentralized government are being largely addressed through the PRP, although selected activities will be undertaken through CDGP. At the regional level, linkages will be established with the AGF process. CDGP will be placed at the centre of the thematic aid coordination process in the area of governance within the consultative group framework. UNDP is expected to enter into a management services agreement with the World Bank in implementing key components of a large public financial management reform programme. Linkages will be established with the Africa Capacity Building Foundation (ACBF) to implement a programme of work to strengthen civil-society capacities. It is expected to establish a trust fund to be managed by UNDP to support a range of strategic interventions within the CDGP framework.

22. Expected results from CDGP include: more efficient conduct of parliamentary business, enabling parliamentarians to focus on key issues of parliamentary oversight; enhanced capacities in the judiciary and the speedy transaction of judicial tasks; greater capacities in constitutional bodies, enabling them to develop new agendas to deepen democratic processes; a strengthened anti-corruption coalition to undertake its watchdog role more effectively; and greater efficiency in development cooperation relationships and activities and more coordinated approaches in the area of governance.

Energy and environment programme

23. The energy and environment programme will consist of a cluster of project activities, largely continuing from the first CCF, to include: (a) the Capacity 21 programme to enhance district-level skills in environmental management, focusing on eight pilot districts, funded by UNDP and the Capacity 21 Trust Fund; (b) renewable energy activities funded by GEF; (c) an expanded programme of small-scale sustainable development projects, funded by the small grants scheme of GEF; and (d) a project on ozone depletion, funded by the Multilateral Fund of the Montreal Protocol. Most activities are being funded from non-core sources. These project activities will be more integrally linked with the PRP than before, especially at the district level. New activities will be designed to assist the Government in developing policies for the regeneration of environmental assets and to enable Ghana to meet the norms and targets set out in global environmental conventions.

24. Expected results are: (a) greater capacity in and awareness of environmental management issues at the district level; (b) a body of experience and knowledge in selected districts that can be replicated in other districts by government and development partners; (c) 50 to 60 experimental and model projects developed through small grants financing, which should be catalysts for more expanded programmes by other development partners; and (d) more effective national policies aimed at achieving global environmental norms and targets.

IV. Management arrangements

A. Management of the country cooperation framework

25. National execution is the preferred modality for managing projects and programmes under the second CCF. The International Economic Relations Division (IERD) of the Ministry of Finance is the executing agent for nationally executed projects. Sectoral ministries and agencies will be associated with project implementation as appropriate. Other appropriate and technically competent non-governmental bodies in Ghana will be associated either as implementing agencies or as sub-contractors to undertake the implementation of programme components. The United Nations Office for Project Services (UNOPS) and other United Nations organizations will be commissioned to undertake appropriate tasks, particularly for components involving the provision of technical services and purchase of equipment. The capacity of IERD to assume the function of executing agency will be further strengthened.

26. To continue to ensure high-quality technical interventions, a rigorous screening process will be introduced to identify and select consultancy expertise from within the country. Services will be drawn from the country network of non-governmental research institutions appropriate to the work programme of the CCF, which will help to build the capacities of these institutions. Appropriate external technical interventions will be used selectively to complement local technical resources with high-quality expertise. Global and regional institutions in UNDP will be utilized to provide technical expertise as needed. Resources will also be obtained from relevant regional programmes. A special effort will be made to identify and utilize the expertise of non-resident Ghanaians through appropriate mechanisms.

B. Programme management

27. Efforts will be made to enhance the substantive capacities of the country office to provide advice and guidance on t chnical programming issues. For each programme, there will be a project management and steering committee to oversee programme implementation. Committees of high-quality experts will include representation from the Government and the country office. Overall programme management will be guided by the principles of results-based management; the SRF for Ghana will be the primary instrument for performance monitoring. The results-oriented annual report (ROAR) will guide the reporting process and ensure outcomes. Programmes within the CCF will be subject to annual reviews and at least one triennial external review. The CCF will be evaluated at mid-term.

28. In the second CCF, the programming periods of the United Nations Development Group (UNDG) will be synchronized for 2002 to 2005. This should foster greater coordination of operational activities, joint programming and the parallel implementation of complementary tasks, leading to greater synergies in resource allocation and utilization. Collaborative programming arrangements, by building on the work already undertaken with UNFPA, the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP), and especially at the district level, will be actively pursued.

C. Resource mobilization and partnership strategy

29. UNDP in Ghana has developed a resource mobilization strategy for: (a) mobilizing cost-sharing resources through trust fund arrangements; (b) stimulating parallel financing arrangements; (c) developing management service agreements, especially with multilateral financing institutions; and (d) engaging the corporate private sector in technical cooperation activities. As noted earlier, development partnerships have already been instituted with bilateral donors, particularly in the area of governance. Important collaborative relationships in resource mobilization established with the World Bank and ADB. ACBF will be expanded. Resource mobilization through trust fund arrangements will focus on each of the three programme areas. Multilateral and bilateral donors will be encouraged to associate with CCF processes at the central and district levels. Multilateral financing institutions will be encouraged to build further on the growing experience of collaborative relationships. It is estimated that extra-budgetary resources of $7.273 million will be mobilized during the second CCF.

Annex

Resource mobilization target table for Ghana (2002-2005)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over	4 125	Includes carry-over of TRAC 1, TRAC 2 and earlier AOS allocations.
TRAC 1.1.1	7 006	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1 [a]	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	350	
Subtotal	**11 481** [a]	
UNDP other resources		
Government cost-sharing		
Third party cost-sharing	250	
Funds, trust funds and other	7 023	
	of which:	
Local trust funds from bilateral sources	3 000	
Capacity 21	800	
Montreal Protocol	223	
GEF	3 000	
Subtotal	**7 273**	
Grand total	**18 754** [a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.
Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.